

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2003-424

October 10, 2003

CALAIS WATER DEPARTMENT
Proposed Rate Change Pursuant to
35-A M.R.S.A. Section 6104

ORDER APPROVING
STIPULATION

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

I. SUMMARY

We allow the rate increase for the Water Department of the City of Calais (Calais) as stipulated in the Stipulation dated October 3, 2003 among Calais, the Office of the Public Advocate (OPA), and Forrestine Wheelock, an intervenor and Calais customer, to take effect as of October 1, 2003. The Stipulation allows for an increase in overall revenue requirements of \$135,964, or 36.7%.

II. PROCEDURAL HISTORY

On June 20, 2003, Calais submitted its informational rate filing to the Commission pursuant to 35-A M.R.S.A. Section 6104. Calais proposed rates that would increase its annual revenues by \$145,349, or approximately 39.3%. On July 22, 2003, Calais held a public meeting on its rate case as required by Section 6104. On August 21, 2003, a petition was submitted requesting that the Commission suspend and investigate the District's proposed rates. On that date, the Commission issued its Suspension Order #1. On September 8, 2003, the Commission staff held a conference call with the parties to discuss the processing of the case, Calais's requests for waiver and the scheduling of a conference. On September 11, 2003, the Hearing Examiner issued a procedural order granting intervenor status to the OPA and Forrestine Wheelock as lead petitioner. The Procedural Order also scheduled a technical conference for September 16, 2003. The technical conference was held in Calais and was attended by Calais as well as the PUC Advisory Staff, the OPA, Forrestine Wheelock and members of the public.

At the September 16 conference the PUC Advisory Staff and the OPA made several oral data requests that Calais responded to on September 23, 2003. A technical conference was held at the PUC on September 24, 2003, at which participants reviewed the responses and asked further questions. A settlement discussion took place among the parties resulting in the attached Stipulation.

On October 3, 2003, the parties filed a Stipulation setting forth the revenue requirements needed to establish rates and other terms regarding the future operation of the Calais Water Department. In the Stipulation, the parties also waived the right to file exceptions or comment on any Examiner's Report.

III. STIPULATION

The parties agree that the District's revenue requirement will be \$505,723 per year. The District's revenue requirement, as set forth in this Stipulation, represents an increase of \$135,694 over Calais's 2002 calendar year revenues of \$370,029, or a 36.7% increase. The parties also agreed that the rates would be effective on October 1, 2003.

Calais and the parties have agreed to additional terms related to the operation of the Water Department. Specifically, Calais has agreed to maintain records documenting the amount of time devoted by the City Manager, the Finance Director and the Billing and Collections Clerk to matters involving the Water Department. The parties also agreed to terms related to the filing of its next rate case anticipated to occur by the end of 2004.

Calais has also agreed to terms to monitor its water quality until the parties agree to terminate or modify the requirements. Calais will establish a Customer Advisory Board, consisting of representatives of the residential and commercial consumers, with whom Calais shall communicate on a periodic basis regarding water quality and other issues. Calais agrees to file with the PUC, the OPA, and members of the Customer Advisory Board by the 10th day of each month, a report on its activities with regard to addressing the water quality issues during the previous month. Calais will also issue a news release to the local press summarizing the report. In addition, Calais will establish a telephone number or extension number for the purpose of receiving and responding to customer inquiries, complaints and information with regard to water quality issues. Calais also agreed to hold a water quality forum in March 2004 for participation by consumers and members of the public in the form of a public meeting and to update its comprehensive plan.

IV. DECISION

Calais's need to increase its rates because of increased operational costs due in part to changing in its water source. The rates requested should allow Calais to provide adequate service to its ratepayers.

The terms of the Stipulation that do not affect the rate levels are an attempt to address the water quality and other issues brought up during both the hearing and the technical conference from the parties as well as Calais's customers.

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to legislative mandate. See e.g., *Consumers Maine Water Company, Proposed General Rate Increase of Bucksport and Hartland Divisions*, Docket No. 96-739 (July 3, 1997) at 2. The Public Advocate represents the using and consuming public, in this case the customers of the District. In addition, customers of the Calais Water Department are

directly represented in the stipulation as it is signed by the lead petitioner. The process of discovery and the technical conference allowed an opportunity for all interested persons to gather information about the reasons for the increase.

We believe that the process was fair; all interested parties had an opportunity to participate. We find that the proposed Stipulation resolves this case consistent with the law and the public interest. The Stipulation as filed results in rates that are just and reasonable and in the best interest of ratepayers. It also reduces the risk of increased costs if the case were fully litigated. We further find that the conditions to the stipulation are reasonable.

V. CONCLUSION

We approve the Stipulation filed by the parties in this case on October 3, 2003, and therefore,

ORDER

1. That the Stipulation filed on October 3, 2003 is approved; and
2. That the Calais Water Department Sheets #1, #2, and #3, all First Revisions filed on October 3, 2003, are approved for effect on October 1, 2003.

Dated at Augusta, Maine, this 10th day of October, 2003.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Diamond
 Reishus

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.